

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

1 July 2010

RESOURCE UPGRADE DRILLING COMMENCES AT ITAMBÉ IRON ORE PROJECT

International iron ore company, Centaurus Metals Limited (ASX Code: CTM) is pleased to announce that it has commenced a resource upgrade diamond drilling program at the Company's **Itambé Iron Ore Project**, located in the State of Minas Gerais in south-eastern Brazil.

The program comprises 1,000 metres of diamond drilling with the key aim being to upgrade the established Inferred Itabirite Resource of 15.5 Mt grading 37.2% Fe to a Measured and Indicated status in advance of completion of a Feasibility Study on the Project.

The drill program at Itambé is the second program to be commenced by the Company this week. Earlier in the week the Company commenced drilling at its recently acquired Jambreiro Iron Ore Project.

A previous mining study has indicated that the Itambé Iron Ore Project is financially robust with operating costs likely to be under A\$15 per tonne predominantly due to the friable nature of the ore and the close proximity of the deposit to the Brazilian domestic steel industry. Previous beneficiation test work indicates that the Itambé mineralisation can be upgraded to a high grade (67% Fe) product via a low intensity magnetic separation process.

Drill core from the current drill campaign will be used to provide further sample for beneficiation test work such that the Company will be in a position to have meaningful conversations with domestic steel groups about the quality of the Itambé final product and potential offtake arrangements.

The drill program is expected to take approximately 6 weeks to complete.

The Itambé Iron Ore Project forms part of the Company's domestic iron ore business in Brazil whereby 3mpta of production is planned by the end of 2013. The Project is located only 30 kilometres from Vale's Itabira operations and is well located to the existing steel-making regions of Ipatinga and João Monlevade, where Brazilian steel makers, Usiminas and Arcelor Mittal are located respectively (Figure 1).

-ENDS-

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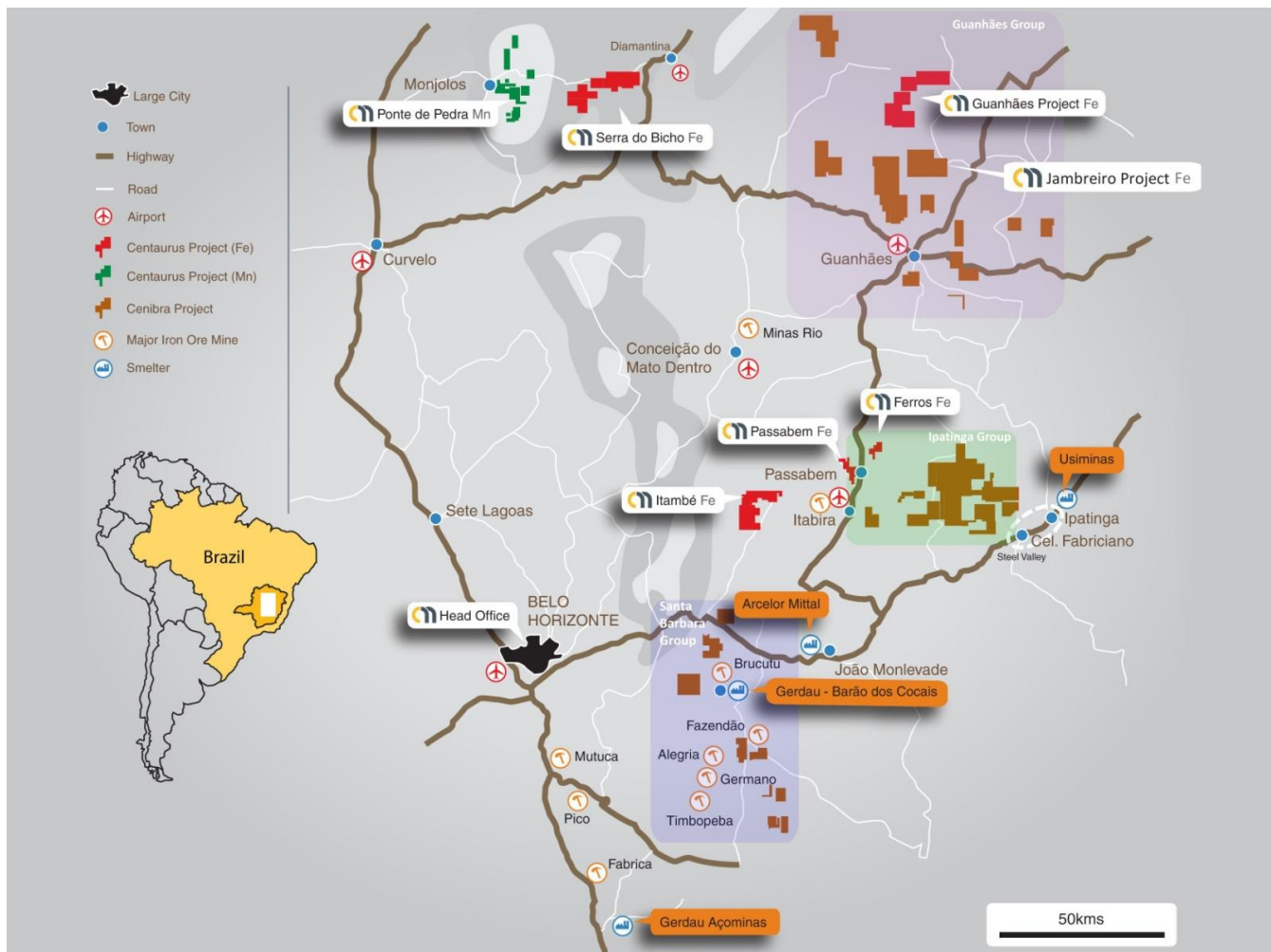


Figure 1 – Location Map of Itambé Iron Ore Project

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Cullen who is a Member of the AusIMM. Ian Cullen is a permanent employee of Centaurus Metals Limited. Ian Cullen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Cullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.